

June 18, 1986

CD-86-12 (LD)

Dear Light-Duty Manufacturer:

Subject: 1987 Fuel Economy Label Information

Enclosed with this letter are the following documents designed to aid you in your 1987 model year fuel economy program.

Enclosure 1 - "1987 Fuel Economy Supplementary Information" contains the fuel cost, Gas Guzzler Tax schedule, and fuel economy range information necessary to print the fuel economy labels.

Enclosure 2 - "Timetable" contains the timetable for inclusions of label values in the 1987 model year Gas Mileage Guide.

EPA has separately issued instructions for the 1987 model year fuel economy information formats in my March 28, 1986 letter (Ref No.: CD-86-05(LD)).

This letter establishes official 1987 model year fuel costs which are lower than the interim values used by some manufacturers. EPA is allowing manufacturers to optionally continue using the interim values on currently approved labels until the scheduled update to include the ranges of comparable vehicles on fuel economy labels (September 14, 1986). Manufacturers may optionally update their currently approved labels to include these new fuel costs sooner. All labels approved after June 25, 1986, should use the new fuel costs.

To facilitate the correction of the annual fuel cost of approved label values in EPA's computer data base, EPA will not receive new labels during June 24 and 25, 1986. During this time EPA will update our data base. Following this two day period, EPA will accept additional label approvals only if the new fuel costs are used.

Please direct any further questions on these subjects to your certification team.

Sincerely yours,

Robert E. Maxwell, Director
Certification Division
Office of Mobile Sources

Enclosures

Enclosure 1
1987 Fuel Economy Supplementary Information

1987 Annual Fuel Cost

Fuel cost estimates for 1987 are based on 15,000 annual vehicle miles and fuel cost of \$0.95/gallon for regular unleaded gasoline, \$1.10/gallon for premium unleaded gasoline, and \$1.00/gallon for diesel fuel. The fuel cost will be calculated using the adjusted combined mpg (the .55/.45 weighting of the adjusted city and highway FE's, then rounded to a whole mpg).

These fuel cost figures were only recently made available and some manufacturers may have approved labels using the interim 1986 model year values which are higher. EPA will allow the change to the new values to be delayed until labels are updated to include the ranges of comparable vehicles (September 14, 1986). Manufacturers may optionally update their labels to include these new fuel costs sooner.

Fuel Economy Ranges

The publication of the initial ranges as required by 40 CFR 600.314-86(d) will occur at the same time the Guide is released for publication. These ranges shall be applied to all vehicles manufactured more than 15 days after the ranges are available [Ref.: 40 CFR 600.306-86(b)].

Pursuant to 40 CFR 600.314-86(d) we will publish an updated version of all the ranges early in February 1987. This corresponds to the historical date of the second edition of the Guide. All vehicles must be labeled with the updated ranges within 15 days.

Labels issued after release of the initial or updated ranges should include the latest available range of fuel economy for that class of vehicle. After the ranges are initially available, the computer issued receipt will contain

the ranges. The receipt will be automatically generated for manufacturers electronically transmitting FE data; other manufacturers can obtain this receipt from your certification team representative after the FE data has been entered. Separate ranges of adjusted city and highway FE values will be given.

Release Date

EPA will consider manufacturer-calculated label values as confidential until the release date specified by the manufacturer. The release date should be the date of introduction or press release or inclusion in the fuel economy Guide, whichever is earlier.

1987 Gas Mileage Guide

It is EPA's intention to include in the Guide all manufacturers' approved label values received before August 19 and, to the extent possible, all label values received before the Guide is sent to DOE on August 29. If the manufacturer wishes to exclude a model type from the Guide, he should explain the basis for his request to EPA. Otherwise, all release dates of labels received before the Guide compilation date should have a release date of August 30, or earlier.

Gas Guzzler Tax

If, according to your calculations, one or more of your model types are subject to the Gas Guzzler Tax, those model types are noted by the word "Guzzler" in the engine description section of the enclosure entitled "1987 Fuel Economy Guide." This term will also appear in the Gas Mileage Guide and will reference an explanatory test.

The total amount of tax is determined by the Internal Revenue Service (IRS). The manufacturer is responsible to IRS for reporting and paying the Gas Guzzler Tax. The tax shown in the table below must be used on the label unless the manufacturer has been granted an alternative tax rate schedule. However, IRS may audit your records and make their own determination about your tax liability. If IRS determines a different tax rate after the model year, you will not be required to relabel unsold vehicles.

Use the following table to determine your tax liability for "Guzzler" model types.

MPG* is at least:	TAX
21.5 but < 22.5	\$ 500
20.5 but < 21.5	\$ 650
19.5 but < 20.5	\$ 850
18.5 but < 19.5	\$1,050
17.5 but < 18.5	\$1,300
16.5 but < 17.5	\$1,500
15.5 but < 16.5	\$1,850
14.5 but < 15.5	\$2,250
13.5 but < 14.5	\$2,700
12.5 but < 13.5	\$3,200
< 12.5	\$3,850

*Combined unadjusted model type fuel economy

Enclosure 2

Timetable

This enclosure is the timetable for including data in the 1987 Gas Mileage Guide and for the calculation and release of updated fuel economy ranges:

A. Gas Mileage Guide

Task	Significant Dates	Responsibility
I. Submit fuel economy data vehicle package for those vehicle configurations intended to be included in the calculation of model type fuel economy values for the Guide.	July 16	Manufacturer
II. Complete all fuel economy testing pertaining to general label values for all model types to be included in the Guide.	August 1	Manufacturer
III. Complete emission certification requirements for all model types to be included in the Guide.	August 18	Manufacturer
IV. Notify EPA of self-approval of all general label fuel economy values for all model types to be included in the Guide.	August 18	Manufacturer
V. Compile a list (for each manufacturer) of descriptions, fuel economy values, etc., of all model types to be included in the Guide and transmit to manufacturers for their review.	August 18	EPA
VI. Complete review of all infor-	August 28	Manufacturer

mation provided in "V" above
and notify EPA of necessary
corrections or concurrence.

Task	Significant Dates	Responsibility
B. Fuel Economy Ranges		
I. Release to manufacturers the fuel economy ranges to be used on fuel economy labels.	August 29	EPA
II. Ranges required to be included on labels as of this date.	September 14	Manufacturer

EPA will convey the necessary information to DOE on August 29, 1986. DOE has not yet determined whether a second edition of the Gas Mileage Guide will be published.